



Brian J. Stiger
Director

COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

Members of the Board
Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Don Knabe
Michael D. Antonovich

"To Enrich Lives Through Effective and Caring Service"

April 23, 2015

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Brian J. Stiger, Director
Consumer and Business Affairs

REPORT TO THE BOARD (Agenda of March 24, 2015 – Item 26-A) REVIEW OF THE SMALL BUSINESS COMMISSION RECOMMENDATIONS

At the meeting of the Los Angeles County Board of Supervisors on March 24, 2015, your Board directed the Director of Consumer and Business Affairs (DCBA) to report back to the Board within 30 days with a review of the Small Business Commission's recommendations from October 29, 2012. At the direction of your Board, the Internal Services Department (ISD) previously reviewed these recommendations and reported back to the Board on April 15, 2014. This report serves as a follow-up to ISD's report.

The Small Business Commission recommended initiatives in the following areas:

1. Establish a utilization goal for purchasing and contracting dollars with Local Small Business Enterprises (LSBEs);
2. Provide regular reports reflecting the overall and individual department results in achieving the goal;
3. Review the existing local small business program and activities to determine its effectiveness;
4. Review best practices to increase small business contracting and utilization;
5. Provide support and incentives to increase small business contracting and utilization
6. Raise departmental delegated purchasing authority for local small business awards; and
7. Establish a Disabled Veterans Business Enterprise (DVBE) Preference Program.

DCBA Recommendations

DCBA has reviewed the Commission's 2012 recommendations, reviewed ISD's 2014 report in response to these recommendations, and discussed these issues with the Small Business Commission. DCBA offers the following recommendations in response to each item proposed by the Commission:

***#1 - Commission Recommendation:** Establish a Los Angeles County annual minimum goal (which is equal to the State of California goal) of twenty-five percent (25%) in its contracting and purchasing dollar utilization with local small businesses to be achieved in no more than twenty four months.*

DCBA Recommendation: The 25% goal of purchasing and contracting dollar utilization with local small businesses is achievable with significant policy and operational changes to increase the pool of registered local small businesses and the incentives for departments to utilize these small businesses. These policy changes would need to be made by your Board and would come with a financial cost to County departments. For example, the County would need to create new methods of tracking subcontracts to local small businesses and other data collection metrics. Additionally, the County would need a reasonable period of time to achieve this goal. If your Board chose to set this or any utilization goal, DCBA would work closely with the Chief Executive Office, ISD, the Small Business Commission, and your Board to develop the additional policies that would be required for County departments to meet this goal.

***#2 - Small Business Commission Recommendation:** Require the Chief Executive Officer (CEO) to provide quarterly reports and an annual report inclusive of corrective action as needed to the Board of Supervisors reflecting the County's overall, and individual department's results in achieving the local small business contracting and purchasing dollar utilization goal.*

DCBA Recommendation: If the Board chose to set a utilization goal, DCBA would need to work with ISD on developing annual reports that would effectively quantify each department's results in achieving the local small business contracting and purchasing dollar utilization goal. We believe that DCBA rather than the CEO should be responsible for tracking this data, sharing with departments, and reporting to the Board.

***#3 - Small Business Commission Recommendation:** Initiate a review of existing programs and activities affecting local small business contracting and purchasing, inclusive but not limited to the "Bold Steps Forward", to determine their current status and effectiveness.*

DCBA Recommendation: DCBA concurs and has initiated a review of small business programs in the County beginning with the operations of the Small Business Services recently transferred to the Department.

***#4 - Small Business Commission Recommendation:** Implement a review of best practices, internally and externally, to establish an actionable plan to help achieve and/or sustain the local small business contracting and purchasing dollar utilization goal and provide that plan to the Board of Supervisors within twelve months.*

DCBA Recommendation: DCBA concurs and will work with stakeholders including ISD, the Small Business Commission, the federal Small Business Administration, and local government agencies to identify best practices to increase small business utilization.

#5 - Small Business Commission Recommendation: As needed, provide support and incentives to assist County personnel in meeting their respective departmental and overall County goals.

DCBA Recommendation: DCBA concurs and will work with County departments to increase their knowledge about the benefits of utilizing Small Businesses. DCBA will be re-launching the Small Business Advocate program within the County to enhance County department procurement personnel's understanding of the small business purchasing and contracting process.

#6 - Small Business Commission Recommendation: Increase the countywide departmental delegated contracting and purchasing authority to mirror the State of California's Simplified Acquisition Process.

DCBA Recommendation: DCBA concurs with ISD's previous report on this item. ISD stated that this is a policy matter for your Board. The proposal would require modifications to applicable provisions of State law, County Code, Board policies, and County purchasing policies and procedures that govern delegated authority and competitive bid requirements.

#7 - Small Business Commission Recommendation: Establish a preference program for Certified Disabled Veteran Business Enterprises (DVBE) to include the addition of three percent (3%) goal in utilization of Certified Disabled Veteran Business Enterprises.

DCBA Recommendation: The Board approved a DVBE ordinance on October 15, 2013. It became effective for County solicitations released on or after December 1, 2013. Currently, the County has approximately 60 vendors participating in DVBE program. The 3% goal of purchasing and contracting dollar utilization of these businesses is achievable, but would require policy changes that would increase the pool of registered DVBE participants with the County and the incentives for departments to utilize these businesses. These policy changes would need to be made by the Board and would come with a financial cost to County departments.

If you have questions or would like more information, please contact me at (213) 974-9750 or bstiger@dcba.lacounty.gov or your staff may contact Kirk Shelton, Chief Deputy Director, at (213) 974-4615 or kshelton@dcba.lacounty.gov.

BJS:KS

Attachments

c: Executive Office, Board of Supervisors
Chief Executive Officer
ISD
Small Business Commission



JIM JONES
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

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"To enrich lives through effective and caring service"

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April 15, 2014

To: Each Supervisor

From: Jim Jones
Director

Subject: **STATUS REPORT #3 - REVIEW OF THE COUNTY'S SMALL BUSINESS COMMISSION PRIORITIES (ITEM 10, AGENDA OF JANUARY 29, 2013)**

On January 29, 2013, your Board instructed the Internal Services Department (ISD) to work with County Counsel and other County departments, as necessary, to investigate and report back to the Board with recommendations in response to the Small Business Commission's priorities, which included:

- Establishing a utilization goal for purchasing and contracting dollars with Local Small Business Enterprises (LSBEs);
- Providing regular reports reflecting the overall and individual department results in achieving the goal;
- Reviewing the existing local small business program and activities to determine its effectiveness;
- Considering raising departmental delegated purchasing authority for local small business awards; and
- Establishing a Disabled Veterans Business Enterprise (DVBE) Preference Program.

On April 23, 2013 and September 4, 2013, ISD provided status reports to your Board with specific action items to address the motion. This memo is to close out each action item, and provide ISD's recommendations in response to your Board's instructions.

Action Items

1. ISD enlisted the assistance of the College of Business and Economics at California State University, Los Angeles (CSULA), to provide a comprehensive analysis of the overall effectiveness of the County's small business programs in comparison to other public agencies, and to analyze and recommend a fair utilization goal for local small business.

Status: Completed. CSULA completed an expanded survey of businesses registered with the County and with the State of California; completed a data analysis and secondary analysis of business profiles, employment, public finance, overall production level, etc.; and submitted its final report (Attachment) to ISD on January 22, 2014.

2. Establish a DVBE preference program.

Status: Completed. ISD worked with County Counsel to prepare an ordinance, program and implementation instructions to establish an eight percent (8%) cost preference for DVBEs that participate in County solicitations for goods and services. The ordinance was approved by your Board on October 15, 2013, and became effective for County solicitations released on or after December 1, 2013.

ISD RECOMMENDATIONS

ISD is committed to work with the Small Business Commission (Commission) to expand the pool of qualified LSBEs within the County, to remove barriers to small business participation in County solicitations, to develop outreach programs for local small businesses, and to increase opportunities for LSBEs to obtain County business.

Consistent with CSULA recommendations, ISD will:

- Streamline the certification process in Los Angeles County by reducing the amount and type of paperwork required in the certification process
- Provide LSBE certification opportunities at Point of Sale by providing registration and certification services at pre-bid conferences and vendor workshops.
- Work with the State to identify newly certified LSBEs and fast track certification in Los Angeles County.
- Provide resources to assist LSBEs applying for small business contracts by leveraging purchasing and other staff to assist the Office of Small Business at outreach and other events.

- Improve marketing efforts to encourage local small businesses participation through mailings, email, workshops, media, business associations, community group meetings, and other outreach events (e.g., local Chambers of Commerce, etc.).
- Develop a phone survey to LSBEs in Los Angeles County to complement the email survey.
- Invest in technology tracking systems to identify and track LSBE subcontractor participation and awards.

Beyond the CSULA study, ISD will also examine small business programs and certification criteria in neighboring jurisdictions for the potential of establishing reciprocity agreements.

As instructed by your Board, ISD offers the following recommendations in response to each Small Business Commission Priority:

1. Small Business Commission Priority: Establish a Los Angeles County annual minimum goal (which is equal to the State of California goal) of twenty-five percent (25%) in its contracting and purchasing dollar utilization with local small businesses to be achieved in no more than twenty four months.

ISD Recommendation:

ISD recommends that a feasible utilization goal be established at ten percent, as follows:

- *Immediate* goal of five percent (5%)
- *Intermediate* (3 – 5 years) goal of seven percent (7%)
- *Long term* goal of ten percent (10%)

Based on its analysis, CSULA found that in order to achieve a 5% utilization goal the County would need to increase its existing population of 660 certified LSBEs by 1,537 new firms. For the intermediate goal of 7% the number of certified LSBEs would be 2,589; and the 10% goal would be 4,167 certified firms.

To further these goals, CSULA recommended that the County focus on outreach and potential certification of approximately 3,500 State certified firms located within the County. ISD agrees, and will reach out to this group over the next three months.

ISD plans to revisit these goals on a regular basis to assess program participation, technical capabilities, etc., and modify or accelerate the timeframes and goals, as warranted. As measured results are achieved, ISD will work with the Commission to set higher goals as feasible.

In addition, ISD will be analyzing those areas where LSBEs are currently doing business to determine if goals can be targeted by commodity or service category.

2. Small Business Commission Priority: Require the Chief Executive Officer (CEO) to provide quarterly reports and an annual report inclusive of corrective action as needed to the Board of Supervisors reflecting the County's overall, and individual department's results in achieving the local small business contracting and purchasing dollar utilization goal.

ISD Recommendation:

ISD will work with the Commission to develop and provide quarterly reports on the County's small business utilization statistics by overall and departmental usage to the Board, the CEO, and individual departments. As the responsible County department, ISD is the appropriate agency to report this data. ISD's report will disseminate successful strategies to increase small business participation.

3. Small Business Commission Priority: Initiate a review of existing programs and activities affecting local small business contracting and purchasing, inclusive but not limited to the "Bold Steps Forward", to determine their current status and effectiveness.

ISD Recommendation:

ISD will work with the Commission, and other applicable departments to review the status and effectiveness of the 1997 "Bold Steps Forward" report.

4. Small Business Commission Priority: Implement a review of best practices, internally and externally, to establish an actionable plan to help achieve and/or sustain the local small business contracting and purchasing dollar utilization goal and provide that plan to the Board of Supervisors within twelve months.

ISD Recommendation:

ISD will work with the Commission and affected departments to address the action steps identified in the CSULA report. This includes streamlining the LSBE certification process, working with the State to fast track LSBE certification in the

County, improving marketing efforts to LSBEs, and other initiatives. ISD will provide a status report to the Board within six months.

5. Small Business Commission Priority: As needed, provide support and incentives to assist County personnel in meeting their respective departmental and overall County goals.

ISD Recommendation:

ISD will explore this action further with the Commission. As previously discussed, action steps may include marketing the LSBE program with local business and community groups, examining the feasibility of establishing reciprocity arrangements with other government entities' small business programs, meeting with County departmental small business liaisons to provide technical assistance, etc.

6. Small Business Commission Priority: Increase the countywide departmental delegated contracting and purchasing authority to mirror the State of California's Simplified Acquisition Process.

ISD Recommendation:

This is a policy issue for your Board. The proposal would require modifications to applicable provisions of State law, County Code, Board policies, and County purchasing policies and procedures that govern delegated authority and competitive bid requirements.

The State's Simplified Acquisition Process provides for its departments to independently make awards for goods, services and information technology up to \$250,000, and up to \$270,000 for public works projects through a restrictive bid process. The awarding department is only required to seek two bids, both from State-certified small businesses.

In contrast, County policy is open competition by seeking the maximum number of bids in a solicitation, but also providing small business with an eight percent cost preference to level the playing the field.

The proposed policy change may require the introduction of a restrictive bid process, and/or an increase in delegated authority to allow departments to independently solicit and make awards that are currently under the authority of either your Board or ISD (as the County Purchasing Agent).

7. Small Business Commission Priority: Establish a preference program for Certified Disabled Veteran Business Enterprises to include the addition of three percent (3%) goal in utilization of Certified Disabled Veteran Business Enterprises.

ISD Recommendation:

As previously noted, your Board approved a DVBE ordinance on October 15, 2013. It became effective for County solicitations released on or after December 1, 2013. Consistent with the finding and recommendation by CSULA, ISD does not recommend establishing a utilization goal for DVBEs until such time as a baseline of participating firms is established.

If you have questions or need more information, please contact me at (323) 267-2101, or your staff may contact Joe Sandoval at (323) 267-2109.

JJ:JS

Attachment

c: Chief Executive Officer
County Counsel
ISD Board Deputies
Small Business Commission

As Approved by Small Business Commission (14 Yes, 1 No)
Quarterly Meeting October 29, 2012
Marlon Thompson, Chairman

MOTION

Whereas, the County of Los Angeles Board of Supervisors has formally stated it is dedicated to supporting small businesses operating within the County of Los Angeles and providing ongoing programs and initiatives to increase the participation rate of these local small businesses in contracting, either directly or indirectly, with the County of Los Angeles; and

Whereas, the County of Los Angeles Board of Supervisors has formally recognized that the local small business community serves as an important driving force in County economic development; and determined it is in the best economic interests of the County to have a high and sustainable contracting participation rate of local small businesses with the County; and

Whereas, the County of Los Angeles Small Business Commission has been empowered by the Los Angeles County Board of Supervisors to provide ongoing advice as related to issues affecting and supporting the local small business community.

Therefore, the Los Angeles County Small Business Commission moves that the Board of Supervisors implement or cause to implement the following recommendations in support of local small businesses:

1. Establish a Los Angeles County annual minimum goal (which is equal to the State of California goal) of twenty-five percent (25%) in its contracting and purchasing dollar utilization with local small businesses to be achieved in no more than twenty four months.
2. Require the Chief Executive Officer to provide quarterly reports and an annual report inclusive of corrective action as needed to the Board of Supervisors reflecting the County's overall, and individual department's results- in achieving the local small business contracting and purchasing dollar utilization goal.
3. Initiate a review of existing programs and activities affecting local small business contracting and purchasing, inclusive but not limited to the "Bold Steps Forward", to determine their current status and effectiveness.
4. Implement a review of best practices, internally and externally, to establish an actionable plan to help achieve and / or sustain the local small business contracting and purchasing dollar utilization goal and provide that plan to the Board of Supervisors within twelve months.
5. As needed, provide support and incentives to assist County personnel in meeting their respective departmental and overall County goals.

Furthermore,

6. Increase the Countywide departmental delegated contracting and purchasing authority to mirror the State of California's Simplified Acquisition Process.
7. Establish a preference program for Certified Disabled Veteran Business Enterprises to include the addition of three percent (3%) goal in utilization of Certified Disabled Veteran Business Enterprises.

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